

Brenda Mines Ltd.

Revised September 12, 1985 (MC)
Destroy all previous Basic and White
cards on this Company

CUSIP Number 107079
Stock Symbol BND

Executive Office — P.O. Box 45, Commerce Court West, Toronto, Ont. M5L 1B6

Registered Office — The Mine Office, Brenda Mines Road, Out of Peachland, B.C.

Telephone — Executive Office (416) 982-7111

THE COMPANY owns a large, low-grade copper-molybdenum open-pit mine in the Brenda Lake area, near Peachland, B.C. where operations were temporarily closed from Dec. 14, 1984 to May 28, 1985. Brenda also has oil and gas interests principally in Canada and holds 2,890,390 common shares of Kerr Addison Mines Ltd.

COMPARATIVE DATA									
Fiscal Year	Working Capital	Ore Reserves	Gross Prod.	Equity Earnings	Net Inc. Oper.	Earns. Per Sh.	Divds. Paid	Price Range High	Price Range Low
	\$	Tonnes	000's \$	\$	\$	\$	— Common Shares —	\$	\$
1984....	d26,802	92,000	35,620	....	d6,491	d1.52	....	16.25	7.25
1983....	d22,971	99,000	41,463	....	d3,110	d0.73	....	19.75	11.00
1982....	d17,199	110,000	53,166	d2,796	d7,527	d1.78	....	12.50	6.00
1981....	d26,446	119,000	46,926	12,575	4,354	1.03	....	30.00	10.63
1980....	d9,595	130,000	83,731	13,300	26,992	6.40	1.50	41.63	18.00

CAPITALIZATION AS AT DECEMBER 31, 1984			
	Outstanding		%
Common stock, n.p.v.	4,282,000 shs.	\$8,218,000	10
Retained earnings		74,869,000	90

SUMMARY STATEMENT

For the six months ended June 30, 1985, net loss was \$2,562,000 or 60 cents per share, compared with a year-earlier loss of \$2,504,000 or 58 cents per share.

For the year ended Dec. 31, 1984, net loss was \$6,491,000 or \$1.52 per share compared with a loss of \$3,110,000 or 73 cents per share for the previous year. Net production revenue declined 10%.

Temporary closing of the mine from Dec. 14, 1984 to May 28, 1985 was a result of depressed metal prices and reduced molybdenum sales. The mine operated for a total of 29 weeks in 1984. Previously, the mine was closed from Oct. 1, 1983 to May 28, 1984.

Production in 1984 amounted to 26,920 tonnes copper and 3,593 tonnes of molybdenum concentrates from 6,109,067 tonnes milled compared with 34,061 tonnes copper and 3,978 tonnes molybdenum concentrates from 8,185,400 tonnes milled in 1983.

Exploration and development carried out by the Oil and Gas Division included participation in 10 wells in Canada during 1984, one of which was cased as an oil well and five as gas wells.

Gas production was 1,229,000 mcf. in 1984 compared with 1,090,000 mcf. in the previous year.

Mineral exploration is to resume in 1985. The company will issue shares to NIM and Company Limited Partnership 1985 for exploration expenditures made on some 40 prospects in B.C. and the Yukon in association with Noranda. Brenda will earn 15% int. in subject properties.

Molybdenum inventory at Mar. 31, 1985 amounted to 822,000 kg. at a value of \$3.35 per lb.

N.B. — For quick reference data, see page 2.

THE FINANCIAL POST CORPORATION SERVICE

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QUICK REFERENCE DATA

Major Shareholder—Noranda Mines Limited holds 49.88% of the outstanding common stock and has held a major interest since 1967.

Employees—439 at December 31, 1984.

Incorporation—British Columbia charter, October 25, 1955.

Auditors—Clarkson Gordon C.A., Vancouver.

Fiscal Year Ends—December 31.

Annual Report Appeared—In April in 1985.

Annual Meeting—May 7 in 1985.

Listed—BND, Vancouver and Toronto Stock Exchanges.

Shareholders—850 at December 31, 1984.

Transfer Agent and Registrar—Canada Permanent Trust Company, Vancouver and Toronto.

COMPANY

The company owns a large, low-grade copper-molybdenum property in the Brenda Lake area, Okanagan Valley, 17 miles northwest of Peachland, B.C.

The open pit mine and 30,000 ton per day mill were temporarily closed Dec. 14, 1984 to May 28, 1985 pending improved copper and molybdenum prices.

The company also has oil and gas interests principally in Canada.

Investments include 2,890,390 common shares of Kerr Addison Mines Ltd. (16.9% interest), 13,273,981 common shares of Noranda Inc. (10.4% interest) and 1,125,993 common shares of Anderson Exploration Ltd. (32.6% interest).

Royalty income is derived from the use of the Brenda leaching system by other mines.

SALES CONTRACTS

Until May, 1975, copper concentrates were sold to Nippon Mining Company under an exclusive contract; in 1977, three-year contracts were made with Korean and Japanese firms. Molybdenum concentrate was shipped to Belgium and England principally, for roasting and sale in Europe.

During 1980, the company concluded a sales agency agreement with Noranda Sales Corporation Ltd., an agent of Noranda Mines Limited, for the sale of all mine products and collection of the proceeds.

During 1984, all copper concentrate produced was shipped to Japan and all molybdenum concentrate shipped to Europe.

PROPERTY

The Brenda property comprises 88 claims and fractions, covering an area of approximately 2,000 acres, in the Okanagan Valley, near the boundary between the Simikameen and Osoyoos mining divisions, B.C. It lies 14 miles northwest of Peachland, B.C., and 17 miles from the main north-south Okanagan Valley highway close to both Kelowna and Penticton, B.C.

PLANT AND EQUIPMENT

The plant, which operates at 30,000 tons per day, is equipped with a crushing plant, a bulk and flotation concentrator and a molybdenum flotation leaching circuit, commenced tune-up operations in January, 1970, and commercial production on Apr. 1, 1970.

DEVELOPMENT

Operations are conducted by open pit.

No outside mineral exploration work was undertaken during 1983-84.

ORE RESERVES

At Dec. 31, 1984, remaining ore reserves were 92,000,000 tonnes grading at 0.148% copper and 0.03% molybdenum.

Reserves in prior years have been as follows:

	Ore (tons)	Average Grade (% copper) (% molybdenum)
1983	99,000,000	0.148 0.032
1982	110,000,000	0.148 0.032
1981	119,000,000	0.147 0.032
1980	†130,000,000	0.146 0.032
1979	152,869,450	0.145 0.032
1978	97,650,000	0.165 0.040
1977	108,677,000	0.165 0.040

†Tonnes in 1980 and thereafter.

PRODUCTION

The mine operated for only 39 weeks in 1983 and 29 weeks in 1984 as result of low prices.

For production details, refer to Operating Summary.

OIL AND GAS OPERATIONS

Brenda Mines began its oil and gas activities in July, 1977 with the acquisition of 1% net profit interest in 115,680 acres of offshore petroleum permits in the Beaufort Sea from Dome Petroleum for \$5,000,000. The company had net profits interests in 13 wells at the end of 1984.

At Dec. 31, 1984, the company held an interest in 114,857 net acres consisting of 113,950 acres in Alberta and 908 acres in British Columbia.

Areas of current interest include the following:

Alberta-B.C.—Brenda holds producing and prospective interests in Alberta and B.C.

Brenda operates one gas plant at Greater Cache with 22 of approximately 50 gas wells operated by the company connected. The plant is capable of processing 20 mcf. per day of gas.

At Clyde Lake, approximately 75 miles north of Greater Cache, the company has an average working interest of about 25% in 40 gas wells, 20 of which are tied in to a 16.5 mcf. per day gas plant.

Brenda also holds an interest in five other gas plants, two of which came on stream in late 1983. One of the new plants (Jarvie) is operated by Dome Petroleum at a rate of 3,440 mcf. per day (Brenda's interest 237 mcf. per day). The other new plant (Vega) produced 2,590 mcf. per day. (Brenda's interest 566 mcf. per day).

During 1984, the company participated in 10 wells, one of which was cased as an oil well and five as gas wells.

Australia—The company has 1.09% working interest in a 3,700,000 acre petroleum concession in the Timor Sea on which an oil discovery has been made. Plans call for further follow-up drilling of three wells on a structure where a discovery well was completed in 1983. The Pollard well, which was drilled during 1984 on another structure, was dry and subsequently abandoned. A second successful oil discovery was made, however, on a structure just south of the original Jabiru well and further evaluation is planned. Brenda will participate in plans to develop the Jabiru field with initial production of 13,000 bbl. per day scheduled to commence by the end of 1985.

Production

Brenda's share of natural gas production has been as follows:

1980	87,700 mcf	1983	1,090,000 mcf
1981	351,600 mcf	1984	1,229,000 mcf
1982	1,126,600 mcf		

INVESTMENT

Kerr Addison Mines Limited—The company holds 2,890,390 common shares or 16.9% interest in Kerr Addison, which in turn holds a 10.4% interest in Noranda Mines (see separate card on Kerr Addison).

ACCOUNTING CHANGE

In 1982, a \$336,000 charge was made to retained earnings to reflect income tax reassessments for 1977 and 1978. Restated net income for 1981 was shown as \$4,322,000 or \$1.02 per share in the 1982 annual report.

HISTORY

The presence of extensive low-grade molybdenum-copper mineralization in the Brenda area had been known for many years. Several companies, among them Noranda Mines, which carried out limited shallow drilling in 1955-56, examined the property. However, although widespread mineralization was indicated, the grade was considered much too low to be of commercial interest.

The property reverted to the prospector, Robert Bechtel, who by then had formed a syndicate. B. O. Brynelsen and Morris Menzies, members of the company's present board, helped in maintaining the property through financial assistance. Further tests were done, showing that the ore was much richer than previous estimates had indicated. When copper prices rose and molybdenum became popular, financial backers were found, in 1965. From 1965 through 1970, a total of some \$77,000,000 was provided. The funds were used mainly for fixed assets (\$45,500,000), preproduction expenses (\$17,500,000), financing expenses and working capital (\$12,000,000). In 1975, balance of long-term debt was liquidated.

Brenda Mines received its interest in the property from the Brenda Mining Syndicate and the Deep Creek Mining Syndicate in consideration for a total of 750,000 shares. The company was originally incorporated in British Columbia on Oct. 25, 1955, as Northlands Explorations Ltd., a private company. The company's name was changed to Brenda Mines from Northlands Explorations on Nov. 24, 1965. On Dec. 16, 1965, the company was converted from a private to a public company.

The company's initial investment in oil and gas exploration and development was made in 1977. An exploration office was established in Calgary in 1979.

In late 1979 and early 1980, the company acquired an indirect interest in Noranda Mines Limited, at a total cost of \$63,172,000. The investment was made by acquiring a 38.17% interest in Frenswick Holdings Limited, which held a 36.3% interest in Zinor Holdings Limited. Zinor, in turn, held 21.2% of Noranda's common shares outstanding at Dec. 31, 1980.

In 1981, Zinor Holdings Limited's interest in Noranda fell to 16.5% following the purchase of Noranda shares by Brascade Resources Inc.

Under the 1982 liquidation of Frenswick and Zinor resulted in Brenda receiving 362,438 convertible preferred shares of Brascade Inc., \$4,827,000 cash and note receivable and 2,890,390 common shares of Kerr Addison Mines Limited.

During 1983, the company disposed of its interest in Brascade Resources Inc. which resulted in a \$2,888,000 gain on disposal.

On Oct. 1, 1983, the company temporarily closed its mine at Peachland, B.C. as a result of depressed metal prices and reduced molybdenum sales. Operations re-

sumed on May 28, 1984. The mine was again closed temporarily on Dec. 14, 1984 and will remain on a care and maintenance basis pending improvements in copper and molybdenum prices.

OFFICERS AND DIRECTORS

Officers—B. O. Brynelsen, chm.; J. A. Hall, pres.; W. A. Allan, v-p; B. H. Grose, sec.; E. K. Cork, treas.; B. C. Bone, asst. treas.; D. H. Ford, compt.

Directors—B. O. Brynelsen, H. R. Whittall, G. H. Montgomery, Vancouver; William Allan, Oakville, Ont.; J. A. Hall, A. Powis, Toronto; H. B. Simpson, Kelowna, B.C.; J. B. Knapp, Westbank, B.C.

CAPITAL STOCK

	Author.	Outstand.	Par
Common	5,000,000 shs.	4,282,000 shs.	n.p.v.

PRICE RANGE OF STOCK†

Year	High	Low	Year	High	Low
1976	\$9.00	\$4.40	1981	\$30.00	\$10.63
1977	12.25	7.25	1982	12.50	6.00
1978	14.50	8.50	1983	19.75	11.00
1979	28.50	14.00	1984	16.25	7.25
1980	41.63	18.00			

†Listed Jan. 21, 1966. For price range in prior years see Historical Summary.

CHANGES IN CAPITAL STOCK

In December, 1965, when the company became public, authorized capital comprised 5,000,000 common shares, without par value, of which 2,150,000 shares were issued and outstanding.

In the period Jan. 1, 1966, to Dec. 31, 1969, 1,740,000 shares were issued to Noranda Mines Limited through wholly-owned Brynnor Mines in connection with the purchase of \$29,800,000 secured income bonds; 260,000 shares were sold for cash; and 24,000 shares and 16,000 shares were issued to Nippon Mining and Mitsui & Co., respectively, in connection with the purchase of US\$6,961,475 of second mortgage bonds.

During the 1970 fiscal year, 92,000 shares were issued to Noranda Mines Limited for financing, bringing the number of shares outstanding at Dec. 31, 1970, to 4,282,000.

DIVIDENDS

Common—None paid since 50 cents per share on Sept. 11, 1980. A dividend of 50 cents per share was paid Mar. 21, and June 11, 1980. Previously, 25 cents per share was paid on June 14, Sept. 12, and Dec. 13, 1979.

An initial dividend of 13 cents per share was paid Dec. 15, 1976. Dividends paid in subsequent years have been as follows:

1977	\$0.49	1979	\$0.95+1.00
1978	0.56+0.50	1980	1.50

Extra dividends have been paid as follows: 50 cents per share Dec. 15, 1978; 25 cents Sept. 12, 1979 and 75 cents Dec. 13, 1979.

LONG-TERM DEBT

The company has no long-term debt.

OPERATING SUMMARY

Fiscal Year	Milling		Ore Grade		Concentrate Production			
	Yearly tons	Daily tons	Copper %	Molybdenum %	Copper tons	%	Molybdenum tons	%
1970	7,327,000	20,073	0.216	0.064	67,580	21.18	7,170	56.47
1971	8,987,000	24,622	0.212	0.062	80,675	21.17	8,559	56.09
1972	9,503,000	25,965	0.208	0.061	82,703	21.58	8,975	55.97
1973	8,868,000	24,295	0.203	0.058	58,842	27.25	7,373	56.60
1974	9,550,000	26,163	0.186	0.051	51,365	29.74	6,811	56.10
1975	10,049,000	22,530	0.188	0.052	57,667	28.87	7,543	56.07
1976	11,076,000	30,261	0.167	0.045	57,160	28.08	7,208	55.60
1977	10,620,000	29,096	0.190	0.047	60,448	29.42	7,375	56.79
1978	11,018,000	30,187	0.165	0.040	51,677	30.02	6,415	56.92
1979	10,004,000	27,409	0.144	0.036	40,424	29.25	4,956	56.41
1979†	9,076,000	24,865	0.144	0.036	36,673	29.25	4,496	56.41
1980	9,127,000	24,937	0.128	0.033	32,390	29.03	4,106	55.75
1981	10,199,000	27,943	0.137	0.033	38,160	29.95	4,817	55.90
1982	9,484,000	25,990	0.139	0.032	37,230	29.12	4,370	56.12
1983	8,185,000	22,426	0.143	0.032	34,061	28.89	3,978	55.77
1984	6,109,000	16,691	0.151	0.039	26,920	29.07	3,593	55.98

†In 1979, company commenced reporting in metric units. Results are shown in both measurements for comparative purposes in 1979.

INTERIM EARNINGS

Fiscal Year	Net Value		Earns. per Com. Sh.	Net Value		Earns. per Com. Sh.	Net Value		Earns. per Com. Sh.
	Prod.	Income		Prod.	Income		Prod.	Income	
	3 months			6 months			9 months		
	\$000's		\$—	\$000's		\$—	\$000's		\$—
1978 ..	13,671	2,621	0.61	30,928	6,510	1.52	46,689	9,421	2.20
1979 ..	20,804	5,168	1.21	47,320	11,645	2.72	69,662	18,763	4.38
1980 ..	19,403	6,773	1.61	38,455	13,608	3.23	54,423	17,722	4.20
1981 ..	17,126	3,601	0.85	27,824	4,636	1.10	34,504	970	0.23
1982 ..	12,638	d4,172	d0.99	21,364	d7,678	d1.81	31,020	d10,600	d2.50
1983 ..	9,884	505	0.12	23,741	430	0.10	34,610	d1,332	d0.01
1984 ..	1,706	d1,083	d0.25	7,247	d2,504	d0.58	21,158	d2,791	d0.65
1985 ..	2,001	d1,800	d0.43	4,985	d2,562	d0.60			

STATEMENT OF CHANGES IN FINANCIAL POSITION

Years Ended December 31

	1984	1983	1982	1981	1980	1979	1978
	\$000's						
Source of Funds:							
From operations .....	....	....	d2,977	d38	....	....	....
Invest. liquidation .....	....	....	14,613	....	23,229	30,720	18,707
Sale fixed assets	427	208	389	207	....	....	....
	427	208	12,025	169	23,229	30,731	18,673
Application of Funds:							
To operations	3,286	3,766	....	....	....	....	....
Acq. oil & gas props.●	274	1,523	1,529	7,889	6,239	7,920	1,438
Acq. fixed assets	698	1,056	913	9,131	4,335	1,673	1,576
	4,258	6,345	2,442	17,020	29,998	67,943	7,553
Decrease working capital	3,831	6,137	■ 9,583	16,851	6,769	37,212	■ 11,120

●Net of incentive grants in 1982-84. ■ Increase in working capital.

▲Net of dividends received.

Note—Due to truncating, sums may not equal totals in 1978.

BALANCE SHEET AS AT DECEMBER 31

	1984	1983	1982	1981	1980	1979	1978
	\$000's						
Assets							
Current:							
Cash & equivalent .....	.....	.....	9,786	.....	.....	.....	11,583
Accounts receivable	8,062	5,786	6,807	11,685	6,291	16,174	19,772
Inventories§	18,839	26,885	33,283	32,534	43,551	29,399	17,647
Prepaid expense	220	84	18	56	103	96	91
	27,121	32,755	49,894	44,275	49,945	45,669	49,095
Inv. in assoc. co.	63,950	63,950	63,950	82,149	73,312	50,519	.....
Oil & gas prop., cost	26,812	29,832	29,443	29,211	21,628	15,497	7,808
Other assets	215	215	215	215	215	215	210
Fixed assets:							
Mill, bldgs. & equipment	57,752	57,556	56,978	56,433	50,779	46,891	45,774
Mobile equipment	13,943	13,568	13,238	13,135	10,742	10,713	10,247
Resident. land & bldgs.	182	215	215	215	304	306	305
	71,877	71,339	70,431	69,783	61,825	57,910	56,327
Less: Accum. deprec., etc.	51,673	49,492	46,584	42,795	39,810	37,240	33,086
	20,204	21,847	23,847	26,988	22,015	20,670	23,240
Mineral cls. & leases‡	27	40	58	81	104	127	149
	138,329	148,639	167,407	182,919	167,219	132,697	80,504
Liabilities							
Current:							
Bank demand loan	48,805	51,073	56,509	62,863	37,803	29,155	.....
Due assoc. co.	2,000	2,000	.....	.....	.....	.....	.....
Accts. pay. & accruals	3,118	1,633	7,331	5,829	6,968	6,212	3,705
Taxes payable .....	.....	1,020	3,253	2,029	14,769	11,190	9,065
	53,923	55,726	67,093	70,721	59,540	46,557	12,771
Deferred taxes	1,319	3,335	7,991	12,883	12,970	10,357	8,294
Shareholders' Equity							
Common stock	8,218	8,218	8,218	8,218	8,218	8,218	8,217
Less: Int. in shs. of assoc. co. .	.....	.....	.....	871	1,123	1,248	.....
Add: Retained earnings	74,869	81,360	84,105	91,968	87,614	68,813	51,221
	138,329	148,639	167,407	182,919	167,219	132,697	80,504

Note—Due to truncating in 1980, sums may not equal totals.

[§]Inventory of copper and molybdenum concentrates shown at estimated realizable value; stores shown at lower of cost or replacement cost.

[‡]At cost less depletion; being depleted over 15 years.

Working Capital (\$000's)	d26,802	d22,971	d17,199	d26,446	d9,595	d868	36,324
Ratio	0.50—1	0.59—1	0.74—1	0.63—1	0.84—1	0.98—1	3.84—1

Fiscal Year	HISTORICAL SUMMARY							Earns. Per Sh.	Price Range	
	Ore Reserves	Total Assets	Shldrs.' Equity	Working Capital	Gross Val. Prod.■	Net Inc. Oper.	High		Low	
	— 000's —								— Common Shares —	
	Tons	\$	\$	\$	\$	\$	\$		\$	
1966*	.....	2,714	2,390	d43	.....	.....	.....	↑11.25	↑3.00	
1967 ..	.....	6,794	3,070	d792	.....	.....	.....	8.25	4.75	
1968 ..	.....	39,331	6,719	d5,870	.....	.....	.....	14.25	7.20	
1969 ..	.....	68,907	7,965	d554	.....	.....	.....	17.75	10.50	
1970 ..	165,128	76,787	10,963	7,271	●25,325	●2,745	●0.65	17.00	7.00	
1971 ..	154,000	74,820	12,024	‡15,374	20,232	d337	d0.08	9.35	3.25	
1972 ..	145,177	71,225	10,384	2,691	30,138	d1,520	d0.35	6.20	3.25	
1973 ..	136,637	65,364	25,939	17,809	43,074	15,556	3.63	10.00	3.90	
1974 ..	127,000	46,817	35,628	8,361	42,917	8,394	1.96	8.50	2.50	
1975 ..	126,094	53,362	37,647	13,213	39,970	2,018	0.47	4.85	2.85	
1976 ..	117,687	58,396	43,167	20,355	47,948	5,489	1.28	9.00	4.40	
1977 ..	108,677	66,477	50,548	25,204	60,446	9,479	2.21	12.25	7.25	
1978 ..	97,650	80,504	59,438	36,324	73,112	13,428	3.14	14.50	8.50	
1979 ..	152,870	132,697	75,783	d888	97,817	25,942	6.07	28.50	14.00	
— Tonnes —										
1980 ..	130,000	167,219	94,709	d9,595	83,493	26,992	6.40	41.63	18.00	
1981 ..	119,000	182,919	99,315	d26,446	46,120	4,354	1.03	30.00	10.63	
1982 ..	110,000	167,407	92,323	d17,199	50,404	d7,527	d1.78	12.50	6.00	
1983 ..	99,000	148,639	89,578	d19,971	37,380	d3,110	d0.73	19.75	11.00	
1984 ..	92,000	138,329	83,087	d26,802	30,892	d6,491	d1.52	16.25	7.25	

†Listed Jan. 21, 1966. *Fiscal year ending Nov. 30. ●Nine months ended Dec. 31, 1970.

‡Approximately \$7,000,000 of the additional working capital from previous year-end represents the increase in molybdenum concentrate inventory.

■ Includes conservative valuation of unsold production of molybdenum contained in concentrates, amounting to 3,100,000 lb. in 1970, 4,500,000 lb. in 1971, 3,400,000 lb. in 1972 and 5,300,000 lb. in 1973.

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